

# Fresh Produce Pilot for Schools in Michigan and Florida



2011

This document provides preliminary information about the new “Fresh Produce Pilot Program” conducted by the U.S. Department of Agriculture, Agricultural Marketing Service (AMS) and Food and Nutrition Service (FNS). The pilot program will be conducted in Michigan and Florida with deliveries during January-December 2012 and then evaluated for improvement and possible expansion. The goal of the fresh produce pilot is to allow schools to develop additional avenues to purchase fresh produce. The pilot will test a method for schools to use entitlement funding<sup>1</sup> for fresh produce that will be purchased by the USDA from qualified suppliers in any part of the country, at various scales of production. This approach should leverage existing commercial distribution channels and current school relationships with growers, produce wholesalers, and distributors.

**This program is relevant to the needs expressed by schools and other stakeholders to allow for greater use of locally-grown foods in school meal programs. The pilot offers and will test a method to address this goal. Schools and their local producers will need to take certain steps to take advantage of this program.**

## Background

The USDA typically purchases full truckload quantities of agricultural commodities to maximize support to domestic agriculture while purchasing products at the lowest possible price. These commodities are then distributed through State Agency distribution systems. In addition, USDA partners with the Department of Defense’s (DoD) Defense Supply Center - Philadelphia (DSCP) to purchase and deliver fresh fruits and vegetables directly to schools and other nutrition program recipients in more usable quantities.

These existing systems have not fully satisfied customers’ needs regarding the supply of fresh produce. In response to these concerns, USDA began exploring alternative methods by which fresh fruits and vegetables could be contracted and delivered to program recipients through their own commercial distribution systems and in usable quantities, without disrupting commercial processes. Consequently, a pilot program has been developed to allow schools to use entitlement funding for fresh produce using the commercial distribution models that are already in place, while also taking advantage of local purchasing systems already occurring in schools.

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<sup>1</sup> That is, the per-pupil, per-meal allocation authorized by Richard B. Russell National School Lunch Act. For SY2012 the allocation is \$0.2225.

### **The 2012 pilot in Michigan and Florida will operate generally as follows:**

Schools will set aside a discretionary portion of their food entitlement funding budget for the fresh produce pilot. The DOD Fresh program will still continue to be available.

Those funds set aside will be available to purchase fresh items from any qualified domestic U.S. supplier who applies and receives a contract with USDA through a Request for Proposals issued in Fall 2011.

Schools will seek bids and contract with any of the qualified suppliers. Schools may use local sources that are qualified. In soliciting bids and executing contracts, schools may include a geographic preference for the source of the produce.

USDA will charge the schools (against their entitlement funding) for the cost of the fresh produce, not including delivery costs from the supplier's facility. Delivery costs will be borne by the schools from other funding sources.

The attached flow chart shows the sequence of these events.

### **Soliciting qualified vendors: the USDA Request for Proposals**

- In Fall of 2011, the USDA will release a Request for Proposal (RFP) to solicit qualified suppliers for this pilot program.
- The RFP will enable any grower, produce wholesaler, or distributor (vendor) that meets USDA food safety and other requirements to submit a proposal to supply schools with various products and pack sizes within specified product groups. The proposal will include origin pricing information, product specifications, and other evaluation criteria. At this stage of the process, any qualified U.S. vendor may apply. (All federal contracts are required to be open to all qualified U.S. domestic vendors.)
- At this time, USDA plans for the 2012 pilot program RFP to solicit suppliers of six major product groups: lettuce, apples, grapes, oranges, carrots, and/or blueberries. These six categories of fresh produce were selected because they make up over 80 percent of the fresh produce utilized in schools. It is expected that future RFPs would encompass a wider range of product groups.
- The USDA will award indefinite-delivery, indefinite-quantity contracts to vendors, including a minimum and maximum dollar value for the contract. Both the delivery and the quantity will be dependent upon sales to the schools.

## Qualifications for Suppliers

Under the RFP for fresh fruits and vegetables delivered to schools, producers/growers must be certified under USDA's Agricultural Marketing Service (AMS), Good Agricultural Practices (GAP) program; or provide documentation of their food safety and quality programs to USDA, AMS for review and evaluation. Distributors, wholesalers, or fresh cut processing facilities submitting proposals under the RFP must provide documentation of their food safety and quality programs. In addition, all firms submitting proposals must meet food defense requirements, have a system in place to ensure domestic origin, and have a traceability system to ensure compliance with the GAP requirement. The participating vendors and any subcontractors supplying product may be audited periodically by AMS at no cost to the producers/growers during this pilot. Documentation and records of the food safety and quality programs, food defense program and domestic origin must be made available to the USDA, AMS Contracting Officer or designated personnel upon request.

## School Contracts with Qualified Suppliers

- Schools will contract with qualified growers, produce wholesalers, and/or distributors for fresh produce, using competitive procurement procedures administered by the USDA that they currently follow. These contracts include ordering procedures, distribution methods, and any other school requirements.
- In addition to the normal contract procedures, schools are permitted to include a *local preference* in their contracts. This choice could enable local producers to be competitive as direct suppliers, and could also encourage wholesalers and distributors to seek local sources for specific contracts.

## Contract Management

- Growers, produce wholesalers, and/or distributors that are able to obtain a contract with both the schools and with the USDA can participate in the USDA fresh produce pilot and must meet the requirements in both contracts, including any local preferences in the school contracts.
- Upon delivery of fresh produce included in the USDA contracts, vendors submit an invoice to USDA for the product cost. Distribution and handling costs are handled through their contract with the schools, and are invoiced to the schools.

## Outreach and Timeline

The USDA has begun to communicate with the schools and State Agencies participating in the pilot to understand their contract requirements for ordering, distribution, and local preferences as well as to explain the pilot program. The USDA has also begun to discuss the pilot with industry representatives, including distributors. The next steps to implement the pilot program include:

- The USDA will conduct outreach conference calls with growers, produce wholesalers, and distributors in both Michigan and Florida, using the State Departments of Agriculture and other industry representatives in those States to ensure that opportunities are provided to understand the pilot program and clarify the process and requirements.
- The USDA will attend meetings with schools and industry, at their request, to explain the pilot program.
- The USDA will continue to coordinate with the State Agencies and schools to ensure that they remain informed and that all participants fully understand the pilot program.
- The USDA will work with local food and farming advocates to obtain their assistance and feedback on the program.
- The USDA will release an RFP by early November 2011, for deliveries to begin in January 2012 through December 2012. Following release of the RFP, USDA will also conduct an industry conference call to answer specific questions about the RFP.
- The pilot program will be evaluated throughout the pilot period. Minor changes may be made during the pilot to improve the process. At the end of 2012, a report will be issued to include plans for the following year.

## For More Information, Contact:

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